



NOTICES OF PROPOSED RULEMAKING

This section of the *Arizona Administrative Register* contains Notices of Proposed Rulemaking.

A proposed rulemaking is filed by an agency upon completion and submittal of a Notice of Rulemaking Docket Opening. Often these two documents are filed at the same time and published in the same *Register* issue.

When an agency files a Notice of Proposed Rulemaking under the *Administrative Procedure Act* (APA), the notice is published in the *Register* within three weeks of filing. See the publication schedule in the back of each issue of the *Register* for more information.

Under the APA, an agency must allow at least 30 days to elapse after the publication of the Notice of Proposed Rulemaking in the *Register* before beginning any oral proceedings for making, amending, or repealing any rule (A.R.S. §§ 41-1013 and 41-1022).

The Office of the Secretary of State is the filing office and publisher of these rules. Questions about the interpretation of the proposed rules should be addressed to the agency that promulgated the rules. Refer to item #4 below to contact the person charged with the rulemaking and item #10 for the close of record and information related to public hearings and oral comments.

NOTICE OF PROPOSED RULEMAKING TITLE 2. ADMINISTRATION CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

[R18-186]

PREAMBLE

<u>1. Article, Part, or Section Affected (as applicable)</u>	<u>Rulemaking Action</u>
R2-8-501	Amend
R2-8-502	Amend
R2-8-503	Amend
R2-8-504	Amend
R2-8-505	Amend
R2-8-506	Amend
R2-8-507	Amend
R2-8-508	Amend
R2-8-509	Amend
R2-8-510	Amend
R2-8-511	Amend
R2-8-512	Amend
R2-8-513	Amend
R2-8-513.01	Amend
R2-8-513.02	Amend
R2-8-514	Amend
R2-8-515	Repeal
R2-8-519	Amend
R2-8-520	Amend
R2-8-521	Amend
R2-8-701	Amend
R2-8-702	Amend
R2-8-703	Amend
R2-8-704	Amend
R2-8-705	Amend
R2-8-706	Amend
R2-8-707	Amend
R2-8-709	Repeal
Article 11	New Article
R2-8-1101	New Section
R2-8-1102	New Section
R2-8-1103	New Section
<u>2. Citations to the agency's statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific):</u>	
Authorizing statute: A.R.S. § 38-714(E)	
Implementing statutes: A.R.S. §§ 38-701 et seq., 38-921, and 38-922	



3. **Citations to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the proposed rules:**
Notice of Rulemaking Docket Opening: 24 A.A.R. 2635, September 21, 2018 (*in this issue*)
4. **The agency's contact person who can answer questions about the rulemaking:**
Name: Jessica A.R. Thomas, Rules Writer
Address: Arizona State Retirement System
3300 N. Central Ave., Suite 1400
Phoenix, AZ 85012-0250
Telephone: (602) 240-2039
E-mail: JessicaT@azasrs.gov
5. **An agency's justification and reason why a rule should be made, amended, repealed, or renumbered, to include an explanation about the rulemaking:**
The ASRS needs to amend its rules in order to reflect its new electronic processes. The ASRS has recently developed an electronic system for processing service purchase, contributions not withheld, and transfer requests. As such, the ASRS needs to update its rules to reflect and clarify its new electronic processes.
6. **A reference to any study relevant to the rule that the agency reviewed and proposes either to rely on or not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material.**
None
7. **A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:**
Not applicable
8. **The preliminary summary of the economic, small business, and consumer impact:**
The ASRS promulgates rules that allow the agency to provide for the proper administration of the state retirement trust fund. ASRS rules affect ASRS members and ASRS employers regarding how they contribute to, and receive benefits from, the ASRS. The ASRS effectively administers how public-sector employers and employees participate in the ASRS. As such, the ASRS does not issue permits or licenses, or charge fees, and its rules have little to no economic impact on private-sector businesses, with the exception of some employer-partner political subdivision and political subdivision entities, which have voluntarily contracted to join the ASRS. Thus, there is little to no economic, small business, or consumer impact, other than the minimal cost to the ASRS to prepare the rule package. The rules will have minimal economic impact, if any, because they merely clarify how a member or employer may submit electronic requests for service purchase, contributions not withheld, and transfer of service credit. Such clarification will increase understandability of how the ASRS shall process such requests, which will increase the effectiveness and efficiency of the administration of the ASRS, thus, reducing the regulatory burden and the economic impact.
9. **The agency's contact person who can answer questions about the economic, small business, and consumer impact statement:**
Name: Jessica A.R. Thomas, Rules Writer
Address: Arizona State Retirement System
3300 N. Central Ave., Suite 1400
Phoenix, AZ 85012-0250
Telephone: (602) 240-2039
E-mail: JessicaT@azasrs.gov
10. **The time, place, and nature of the proceedings for to make, amend, repeal, or renumber the rule, or if no proceeding is scheduled, where, when, and how persons may request and oral proceedings on the proposed rule:**
An oral proceeding regarding the proposed rule will be held as follows:
Date: October 23, 2018
Time: 9:00 a.m.
Location: Arizona State Retirement System
10th Floor Board Room
3300 N. Central Ave.
Phoenix, AZ 85012-0250
11. **All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:**
None
 - a. **Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:**
None of the rules requires a permit.
 - b. **Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law, and if so, citation to the statutory authority to exceed the requirements of federal law:**
Generally, federal laws apply to retirement systems and various sections of the Internal Revenue Code apply to these rules specifically. However, none of the rules are more stringent than federal law.



- c. Whether a person submitted an analysis to the agency that compares the rule's impact on the competitiveness of business in this state to the impact on business in other states:

No analysis was submitted.

12. A list of incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rules:

None

13. The full text of the rules follows:

TITLE 2. ADMINISTRATION

CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

ARTICLE 5. PURCHASING SERVICE CREDIT

Section

- R2-8-501. Definitions
- R2-8-502. Request to Purchase Service Credit and Notification of Cost
- R2-8-503. Requirements Applicable to All Service Credit Purchases
- R2-8-504. Service Credit Calculation for Purchasing Service Credit
- R2-8-505. Restrictions on Purchasing Overlapping Service Credit; ~~Transfers~~
- R2-8-506. Cost Calculation for Purchasing Service Credit
- R2-8-507. Required Documentation and Calculations for Forfeited Service Credit
- R2-8-508. Required Documentation and Calculations for Leave of Absence Service Credit
- R2-8-509. Required Documentation and Calculations for Military Service Credit
- R2-8-510. Required Documentation and Calculations for Presidential Military Call-up Service Credit
- R2-8-511. Required Documentation and Calculations for Other Public Service Credit
- R2-8-512. Purchasing Service Credit by Check, Cashier's Check, or Money Order
- R2-8-513. Purchasing Service Credit by Irrevocable ~~Payroll Deduction Authorization~~ PDA
- R2-8-513.01. Irrevocable ~~Payroll Deduction Authorization~~ PDA and Transfer of Employment to a Different ASRS employer Employer
- R2-8-513.02. Termination Date
- R2-8-514. Purchasing Service Credit by Direct Rollover or Trustee-to-Trustee Transfer
- R2-8-515. ~~Purchasing Service Credit by Trustee-to-Trustee Transfer~~ Repealed
- R2-8-519. Purchasing Service Credit by Termination Pay ~~Distribution~~
- R2-8-520. Termination of Employment and Request Return of Retirement Contributions or Death of Member While Purchasing Service Credit by an Irrevocable ~~Payroll Deduction Authorization~~ PDA
- R2-8-521. Adjustment of Errors

ARTICLE 7. CONTRIBUTIONS NOT WITHHELD

Section

- R2-8-701. Definitions
- R2-8-702. General Information
- R2-8-703. ~~ASRS Employer's~~ Employer's Discovery of Error
- R2-8-704. Member's Discovery of Error
- R2-8-705. ASRS' Discovery of Error
- R2-8-706. Determination of Contributions Not Withheld
- R2-8-707. Submission of Payment
- R2-8-709. ~~Nonpayment of Contributions~~ Repealed

ARTICLE 11. TRANSFER OF SERVICE CREDIT

Section

- R2-8-1101. Definitions
- R2-8-1102. Required Documentation and Calculations for Transfer In Service Credit
- R2-8-1103. Transferring Service to Other Retirement Plans

ARTICLE 5. PURCHASING SERVICE CREDIT

R2-8-501. Definitions

The following definitions apply to this Article unless otherwise specified:

1. "Active duty" means full-time duty in a branch of the United States uniformed service, other than ~~active reserve duty~~ Active Reserve Duty.
2. "~~Active duty termination date~~" means the day a member:
 - a. ~~Separates from active military duty;~~
 - b. ~~Is released from active duty-related hospitalization or one year after initiation of active duty-related hospitalization, whichever date is earlier; or~~
 - c. ~~Dies as a result of active military duty.~~
- 3.2. "Active reserve duty" means participating in required meetings and annual training in a Reserve or National Guard branch of the United States uniformed service.
- 4.3. "Actuarial present value" means an amount in today's dollars of a member's future retirement benefit calculated using appropriate actuarial assumptions and the:



- a. Eligible Member's current years of credited service ~~Current Years of Credited Service to the nearest month;~~
 - b. Eligible Member's age as of the date the Eligible Member submits to the ASRS a request to purchase service pursuant to this Article to the nearest day;
 - c. Amount of service credit ~~Service Credit~~ the member wishes to purchase ~~to the nearest month, except for the calculation in R2-8-506(A)(2); and~~
 - d. Member's current annual compensation.
- 5-4. "Authorized representative" means an individual who has been delegated the authority to act on behalf of a ~~eustodian~~ Custodian, trustee ~~Trustee, plan administrator~~ Plan Administrator, or, if applicable, or a member, if the member's IRA or 403(b) is not maintained by the member's Employer.
- 6-5. "Current years of credited service" means the amount of credited service a member has earned or purchased, and the amount of ~~service credit~~ Service Credit for which an Irrevocable ~~Payroll Deduction Authorization~~ PDA is in effect for which the member has not yet completed payment, but does not include any current requests to purchase ~~service credit~~ Service Credit for which the member has not yet paid.
- 7-6. "Custodian" means a financial institution that holds financial assets for guaranteed safekeeping.
- 8-7. "Direct rollover" means distribution of ~~eligible funds~~ Eligible Funds made payable to the ASRS as a contribution for the benefit of an eligible member from a retirement plan listed in A.R.S. § 38-747(H)(2) or (H)(3).
- 9-8. "Eligible funds" means payments listed in A.R.S. § 38-747(H)(2) and (H)(3).
- 10-9. "Eligible member" means ~~a member who is eligible to purchase service pursuant to A.R.S. §§ 38-742, 38-743, 38-744, or 38-745, an active member of the Plan or a Plan member who is receiving benefits under the Long Term Disability Program established by A.R.S. Title 38, Chapter 5, Article 2.1.~~
- 11- "Forms of payment" means ~~check, cashier's check, money order, Irrevocable Payroll Deduction Authorization, direct rollover, indirect IRA rollover, indirect rollover, trustee-to-trustee transfer, IRA rollover and termination pay distribution.~~
- 12-10. "Forfeited service" means credited service for which the ASRS has returned retirement contributions to the member under A.R.S. § 38-740.
13. "Immediate family member" means:
- a. ~~A member's spouse or life partner;~~
 - b. ~~A member's natural, step, or adopted sibling;~~
 - c. ~~A member's natural, step, or adopted child;~~
 - d. ~~A member's natural, step, or adoptive parent; or~~
 - e. ~~An individual for whom the member has legal guardianship.~~
14. "Indirect IRA rollover" means ~~funds already distributed to the eligible member from a retirement plan listed in A.R.S. § 38-747(H)(3) that are then paid by the eligible member to the ASRS as a contribution for the benefit of the eligible member.~~
- 15-11. "IRC" means the same as "Internal Revenue Code" in A.R.S. § 38-711(18).
- 16-12. "Irrevocable ~~Payroll Deduction Authorization~~ PDA" means an irrevocable "Payroll Deduction Authorization" contract between an ~~eligible member~~ Eligible Member, an ASRS ~~employer~~ Employer, and the ASRS that requires the ASRS ~~employer~~ Employer to withhold payments from a ~~member's~~ an Eligible Member's pay for a specified amount and for a specified number of payments, as provided in A.R.S. § 38-747.
17. "Life partner" means ~~an individual who lives with a member as a spouse, but without being legally married.~~
13. "Leave of absence service" means an approved leave of absence without pay as specified in A.R.S. § 38-744.
14. "LTD" means the same as in R2-8-301.
- 18-15. "Military Call-up service" means a member is called to ~~active duty~~ Active Duty in a branch of the United States ~~uniformed services~~ Uniformed Services.
- 19-16. "Military service" means ~~active duty~~ Active Duty or ~~active reserve duty~~ Active Reserve Duty with any branch of the United States ~~uniformed services~~ Uniformed Services or the Commissioned Corps of the National Oceanic and Atmospheric Administration.
- 20-17. "Military service record" means a United States ~~uniformed services~~ Uniformed Services or National Oceanic and Atmospheric Administration document that provides the following information:
- a. The member's full name;
 - b. The member's Social Security number;
 - c. Type of discharge the member received; and
 - d. Active ~~duty~~ Duty dates, if applicable; or
 - e. Active ~~reserve duty~~ Reserve Duty dates, if applicable; and
 - f. Point history for ~~reserve duty~~ Active Reserve Duty dates, if applicable.
- 21-18. "Other public service" means previous employment listed in A.R.S. § 38-743(A).
- 22-19. "PDA pay-off ~~invoice~~ letter" means written correspondence from the ASRS to a ~~member~~ an Eligible Member that specifies the amount necessary to be paid by the ~~member~~ Eligible Member to complete an Irrevocable ~~Payroll Deduction Authorization~~ PDA and to receive the ~~total~~ total credited service specified in the Irrevocable ~~Payroll Deduction Authorization~~ PDA.
- 23-20. "Plan ~~Administrator~~ administrator" means the person authorized to represent a specific eligible plan as addressed in IRC § 414(g).
- 24-21. "Service credit" means ~~forfeited service~~ Forfeited Service under A.R.S. § 38-742, ~~leave of absence~~ Leave of Absence Service under A.R.S. § 38-744, ~~military service~~ Military Service and Military Call-up ~~service~~ Service under A.R.S. § 38-745, and ~~other public service~~ Other Public Service under A.R.S. § 38-743 that an ~~eligible member~~ Eligible Member may purchase.
- 25-22. "SP invoice" means a written correspondence from the ASRS informing an ~~eligible member~~ Eligible Member of the amount of money required to purchase a specified amount of ~~service credit~~ Service Credit.



- ~~26-23.~~ "Termination pay ~~distribution~~" means an ASRS ~~employer's~~ Employer's payment to the ASRS of an ~~eligible member's~~ Eligible Member's termination ~~pay~~ received as a result of terminating employment to purchase ~~service credit~~ Service Credit as specified in A.R.S. § 38-747(B)(2).
- ~~27-24.~~ "Three full calendar months" means the first day of the first full month through the last day of the third consecutive full month.
- ~~28-25.~~ "Transfer employment" means to terminate employment with one ASRS ~~employer~~ Employer with which a ~~member~~ an Eligible Member has an Irrevocable Payroll Deduction Authorization PDA:
- ~~After accepting an offer to work for a new ASRS ~~employer~~ Employer;~~ or
 - ~~While working as an active member for a different ASRS ~~employer~~ Employer;~~ or
 - ~~Before returning to work with any Employer within 120 days of terminating employment.~~
- ~~29-26.~~ "Trustee-to-trustee ~~Trustee-to-Trustee~~ transfer" means a transfer of assets to the ASRS as authorized in A.R.S. § 38-747(I), from a retirement program ~~listed in R2-8-515(A)~~ from which, at the time of the transfer, a member is not eligible to receive a distribution.
- ~~30-27.~~ "Uniformed services" means the United States Army, Army Reserve, Army National Guard, Navy, Navy Reserve, Air Force, Air Force Reserve, Air Force National Guard, Marine Corps, Marine Corps Reserve, Coast Guard, Coast Guard ~~Reserves~~ Reserve, and the Commissioned Corps of the Public Health Service.
- ~~31-28.~~ "Window credit" means overpayments made on previously purchased ~~service credit~~ Service Credit by ~~eligible~~ members of the ASRS as provided by Laws 1997, Ch. 280, § 21, and Laws 2003, Ch. 164, § 3.

R2-8-502. Request to Purchase Service Credit and Notification of Cost

- A.** An ~~eligible member~~ Eligible Member may request to purchase ~~Service Credit~~ service credit verbally, in writing, or electronically. The ~~eligible member~~ Eligible Member shall ~~provide~~ verify at the time of request, the following information for the Eligible Member:
- ~~The eligible member's name;~~ Name;
 - ~~The eligible member's mailing address;~~ Mailing address;
 - ~~Date of birth;~~
 - ~~Marital status;~~
 - ~~Gender;~~
 - ~~Primary email address;~~
 - ~~Primary phone number; and~~
 - ~~Designate which~~ Which category of ~~service credit~~ Service Credit the ~~eligible member~~ Eligible Member is requesting to purchase.
- B.** An Eligible Member who requests to purchase Service Credit pursuant to subsection (A) shall acknowledge the following statements of understanding:
- ~~Any person who knowingly makes any false statement or who falsifies or permits to be falsified any record of the retirement plan with an intent to defraud the plan is guilty of a class 6 felony per Arizona Revised Statutes Section 38-793; and~~
 - ~~This transaction is subject to audit. If any errors or misrepresentations are discovered as a result of an audit, the Eligible Member's total credited service with the ASRS will be adjusted as necessary and if the Eligible Member is retired, the Eligible Member's retirement benefit will also be adjusted. Any overpayment(s) will be refunded. However, if a payment made with a rollover or pre-tax dollars is returned to the Eligible Member, there may be tax consequences as a result of this refund.~~
- B.** The ASRS shall send a letter acknowledging the request to purchase service credit to the mailing address provided by the eligible member. The ASRS shall provide, with the acknowledgment letter, any form specified in this Article that corresponds to the category of service credit the eligible member requests to purchase and indicate in the acknowledgment letter the deadline for providing supporting documentation of service credit to the ASRS.
- C.** Except as provided in R2-8-519(A), the eligible member shall provide documentation of service credit as required by this Article within 90 days of the eligible member's request to purchase service credit. If the ASRS has not received complete and correct documents within 90 days of the request to purchase service credit, the ASRS shall cancel the eligible member's request to purchase service credit. The eligible member may make a new request to purchase service credit.
- D.C.** Upon receipt of the documentation required by this Article from the ~~eligible member~~ Eligible Member and if the ~~eligible member's~~ Eligible Member's request to purchase ~~service credit~~ Service Credit meets the requirements of this Article, the ASRS shall provide the following to the ~~eligible member~~ Eligible Member:
- A SP invoice Invoice stating the cost to purchase the amount of ~~service credit~~ Service Credit the member is eligible to purchase and the date payment is due;
 - A Service Purchase Payment Request requesting the following information:
 - The member's name;
 - The member's Social Security number;
 - The member's mailing address;
 - The member's daytime telephone number;
 - ID number listed on the SP invoice;
 - Either the number of years or partial years of service credit the member wishes to purchase or the cost for the number of years or partial years of service the member wishes to purchase, not exceeding the years or partial years and cost specified on the SP Invoice;
 - If the member elects to pay for the service credit by trustee-to-trustee transfer, IRA rollover, distributed rollover contribution, or direct rollover, the anticipated number of rollovers or transfers;
 - If the member elects to pay by Irrevocable Payroll Deduction Authorization, the amount of money the member wishes to pay per pay period;
 - If the member elects to pay for the service credit by check, the check number and amount of the check;
 - If the member elects to pay any cost remaining at retirement or termination of employment with a termination pay distribution, the retirement date or last date of work;
 - The member's signature and date of the signature; and



3. Other forms the member may need to complete the request for service credit purchase.
 2. Instructions for electing method of payment; and
 3. The date payment election is due.
- C. An Eligible Member who requests to purchase Service Credit pursuant to this section shall elect one or more methods of payment and submit the election to the ASRS by the date payment election is due.
- D. An Eligible Member who elects to purchase Service Credit using after-tax payments shall acknowledge the following information:
1. After-tax payments must be from the Eligible Member and remitted to the ASRS by the Eligible Member;
 2. After-tax payments cannot be used to purchase political subdivision employment with a United States territory, commonwealth, overseas possession, or insular area; and
 3. If the Eligible Member joined the ASRS on or after July 1, 1999, §§ 415(b) and 415(c) of the IRC limit the after-tax money the Eligible Member can use to purchase Service Credit.

R2-8-503. Requirements Applicable to All Service Credit Purchases

- A. To purchase ~~service credit~~ Service Credit at the amount provided in an SP invoice~~Invoice~~, an ~~eligible member~~ Eligible Member shall purchase the ~~service credit~~ Service Credit by check or money order, or request an Irrevocable ~~Payroll Deduction Authorization~~ PDA, ~~Direct Rollover rollover~~, ~~Trustee-to-Trustee Transfer~~, ~~transfer~~ or ~~termination pay distribution~~ Termination Pay as specified in this Article, by the due date specified ~~by the method of payment the Eligible Member elected on the SP invoice.~~
- B. An ~~eligible member~~ Eligible Member may purchase all of the ~~service credit~~ Service Credit or a portion of the ~~service credit~~ Service Credit. If the ~~eligible member~~ Eligible Member wishes to purchase only a portion of the ~~service credit~~ Service Credit, the ~~eligible member~~ Eligible Member shall specify, ~~on the Service Purchase Payment Request form identified in R2-8-502(D)(2):~~
1. ~~The dollar amount the eligible member wishes to purchase, up to the amount specified on the SP invoice, or Either the number of years or partial years of Service Credit the Eligible Member wishes to purchase; or~~
 2. ~~The number of years or partial years the eligible member wishes to purchase, not exceeding the years or partial years specified on the SP invoice. The cost for the number of years or partial years of Service Credit the Eligible Member wishes to purchase, not exceeding the years or partial years and cost specified on the SP Invoice.~~
- C. ~~If the eligible member elects to purchase only a portion of the service credit, the cost and amount of service credit the eligible member identifies on the Service Purchase Payment Request form is only an estimate and may be more or less than the actual cost or amount of service credit purchased by the eligible member.~~
- D. ~~The eligible member shall not request to purchase additional service credit based on the SP invoice until the member has completed the purchase of the previously requested portion of service credit or cancel the request as specified in subsection (F).~~
- ~~E.~~ C. The ASRS shall not consider more than one active request at a time from a member to purchase ~~service credit~~ Service Credit in a single category. The categories are:
1. ~~Leave of absence;~~ Absence Service;
 2. ~~Military service;~~ Service;
 3. ~~Presidential Call-up service;~~
 4. ~~Forfeited service;~~ Service; and
 5. ~~Other public service.~~ Public Service.
- ~~F.~~ D. An eligible member Eligible Member may cancel an active request ~~by notifying the ASRS in writing to purchase a specific category of service credit verbally or in writing, and submit a new request in the same category of service credit for a different amount of service credit.~~
- ~~G.~~ E. If an eligible member Eligible Member is entitled to a ~~window credit~~ Window Credit, the ~~eligible member~~ Eligible Member may apply the ~~window credit~~ Window Credit to purchase ~~service credit~~ Service Credit. To apply a ~~window credit~~ Window Credit to a purchase of ~~service credit~~ Service Credit, the ~~eligible member~~ Eligible Member shall make a request to the ASRS in writing by the ~~due-date~~ payment election is due as specified on the SP invoice~~Invoice~~ and include the following information:
1. ~~The amount the member~~ The member Eligible Member wants to apply, and
 2. ~~The member's~~ The member's Eligible Member's dated signature; and
 3. ~~The date of the member's signature.~~
- H. ~~The amount of service credit an eligible member may purchase and the benefits an eligible member may receive are subject to the limitations prescribed in A.R.S. § 38-747(E).~~
- ~~I.~~ F. On or before the due date specified on the SP Invoice, an Eligible Member may request an extension of a due date for purchasing Service Credit. ASRS shall extend the time for an eligible member to respond to an SP invoice as follows:
1. ~~If the member notifies the ASRS of an ASRS error, the time is extended 30 days after the date the ASRS sends notification to the eligible member that the ASRS has corrected the error;~~
 2. ~~If an ASRS internal review is made of the member's service credit purchase request, the time is extended 30 days after the date ASRS sends notification to the member that the review is completed;~~
 3. ~~If the member appeals an issue regarding the SP invoice under Article 4 of this Chapter, the time is extended 30 days after the date ASRS sends notification to the member that a decision on the appeal has been made; or~~
 4. ~~If an unforeseeable event occurs that is outside of the member's control, such as an incapacitating illness of the member or death of an immediate family member, and the member notifies the ASRS of the event, the ASRS shall extend the time by up to six months, after a review of the unforeseeable event to determine the length of the extension.~~

R2-8-504. Service Credit Calculation for Purchasing Service Credit

- A. An eligible member Eligible Member who purchases ~~service credit~~ Service Credit shall receive one month of credited service for one or more days of service in a calendar month.
- B. Pursuant to A.R.S. 38-739(B), an Eligible Member who purchases Service Credit shall receive a proportionate amount of credited service based on the length of the Eligible Member's service year.



C. Notwithstanding any other provision, an Eligible Member whose membership date is on or after July 20, 2011, cannot purchase more than five years of Service Credit for each of the following based on the length of the Eligible Member's service year:

1. Leave of Absence Service;
2. Military Service; and
3. Other Public Service.

R2-8-505. Restrictions on Purchasing Overlapping Service Credit; ~~Transfers~~

- A.** The ASRS shall not permit an ~~eligible member~~Eligible Member to purchase ~~service credit~~ Service Credit that, when added to credited service earned in any plan year, results in more than:
1. One year of credited service in any plan year, or
 2. One month of credited service in any one calendar month.
- B.** ~~The restrictions in subsection (A) do not apply to service credit that an eligible member transfers from another retirement system to the ASRS as authorized in A.R.S. § 38-730 or A.R.S. Title 38, Chapter 5, Article 7, whether the eligible member requests the transfer before or after purchasing other service credit.~~

R2-8-506. Cost Calculation for Purchasing Service Credit

- A.** For ~~Service Credit for Leave of Absence Service, leave of absence service credit, military service~~Military Service credit, and other public service credit Other Public Service, the ASRS shall calculate, as of the date of the request to purchase ~~service credit~~ Service Credit:
1. The ~~actuarial present value~~Actuarial Present Value of the future retirement benefit for the ~~member~~Eligible Member including the ~~service credit~~ Service Credit that the ~~eligible member~~Eligible Member requests to purchase, and
 2. The ~~actuarial present value~~Actuarial Present Value of the future retirement benefit for the ~~member~~Eligible Member without the ~~service credit~~ Service Credit that the ~~eligible member~~Eligible Member requests to purchase.
- B.** The cost for purchasing the ~~service credit~~ Service Credit that the ~~member~~Eligible Member requests to purchase is the difference between the ~~actuarial present value~~Actuarial Present Value in subsection (A)(1) and the ~~actuarial present value~~Actuarial Present Value in subsection (A)(2).

R2-8-507. Required Documentation and Calculations for Forfeited Service Credit

- A.** An ~~eligible member~~Eligible Member who requests to purchase ~~service credit~~ Service Credit for ~~forfeited service~~Forfeited Service under A.R.S. § 38-742 shall provide the ASRS:
1. ~~The eligible member's:~~
 - a. Full name and, if applicable, other names used while working for an ASRS employer for which the eligible member is requesting to purchase service credit;
 - b. Mailing address;
 - c. Telephone number, if applicable;
 - d. Social Security number;
 2. ~~The name of each ASRS employer an Employer, if known, for which the eligible member~~Eligible Member is requesting to purchase ~~service credit~~ Service Credit for ~~forfeited service~~Forfeited Service; and
 3. ~~The year the eligible member began working for each ASRS employer and the year the eligible member left each employment, if known; and~~
 4. ~~The year and month the eligible member~~Eligible Member believes the ASRS returned retirement contributions to the member.
- B.** Upon receipt of payment as specified in subsection (D), the ASRS shall apply the Service Credit to the Eligible Member's account based on the most recent Forfeited Service available for purchase.
- C.** Notwithstanding subsection (B), if an Eligible Member has more than one return of contributions pursuant to A.R.S. § 38-740, the Eligible Member may elect to purchase Forfeited Service for any of the return of contributions and the ASRS shall apply the Service Credit to the Eligible Member's account based on the most recent Forfeited Service available for purchase.
- ~~B-D.~~** ~~The amount the eligible member~~Eligible Member shall pay to purchase ~~service credit~~ Service Credit for previously ~~forfeited service~~Forfeited Service is the amount of retirement contributions that the ASRS returned to the ~~eligible member~~, plus interest on that amount from the date on the return of retirement contributions check to the date of redeposit at the ~~interest~~Assumed Actuarial Investment Earnings Rate ~~rate determined by the Board as specified in A.R.S. § 38-742; R2-8-118(A).~~

R2-8-508. Required Documentation and Calculations for Leave of Absence Service Credit

- A.** An ~~eligible member~~Eligible Member may request who requests to purchase ~~service credit~~ Service Credit for Leave of Absence Service ~~can an approved leave of absence from an ASRS employer under A.R.S. § 38-744 shall provide to the ASRS an Approved Leave of Absence form that includes:~~ To request to purchase service credit for an approved leave of absence the eligible member shall provide to the ASRS:
1. ~~An Approved Leave of Absence form that includes:~~
 - a. ~~The following information completed by the eligible member~~Eligible Member:
 - i. ~~a. The eligible member's full name and, if applicable, other names used while working for the ASRS employer; The start date and end date of the approved leave of absence;~~
 - ii. ~~b. The eligible member's Social Security number; The date the Eligible Member returned to work or a statement of why employment was not resumed;~~
 - iii. ~~c. The eligible member's mailing address; The name of the Employer;~~
 - iv. ~~d. The eligible member's daytime telephone number; Whether the Eligible Member participated in another public retirement system during this leave of absence; and~~
 - e. ~~If the Eligible Member participated in another public retirement system during the leave of absence, whether the Eligible Member is receiving a benefit or is eligible to receive a benefit, from the other public retirement system; and~~
 2. Acknowledgement of the following statements of understanding:



- v.a. A statement that the ~~The~~eligible member Eligible Member understands that up to one year of leave of absence ~~service credit~~ Service Credit may be purchased for each approved leave of absence, if the ~~eligible member~~ Eligible Member returns to work for the ~~employer~~ Employer that approved the leave of absence unless employment could not be resumed because of disability or nonavailability of a position;
- vi. A statement that the eligible member understands that the ASRS uses the actuarial present value calculation method to determine the cost of the service purchase request;
- vii.b. A statement that the ~~The~~eligible member Eligible Member authorizes the ASRS ~~employer~~ Employer to provide any necessary personal information to ASRS in order to process this request; and
- viii. The member's dated signature; and
- b. The following information completed by the ASRS employer;
 - i. The beginning date and ending date of the approved leave of absence;
 - ii. The date the eligible member returned to work or a statement of why employment was not resumed;
 - iii. Name of the employer;
 - iv. The authorized employer representative's name;
 - v. The authorized employer representative's telephone number and, if applicable, fax number; and
 - vi. The authorized employer representative's dated signature verifying that the approved leave of absence benefited or was in the best interest of the employer; and
- 2. A copy of the guidelines referenced in A.R.S. § 38-744, if applicable.
- c. The Eligible Member certifies that if the Eligible Member participated in another public retirement system during the approved leave of absence, the Eligible Member is not receiving, and is not eligible to receive, a benefit from the other public retirement system for the time during the approved leave of absence; and
- 3. The Eligible Member's dated signature.
- B. Pursuant to A.R.S. § 38-744, a member who participated in another public retirement system during the leave of absence, and is receiving a benefit or is eligible to receive a benefit from the other public retirement system, is not an Eligible Member for purposes of this section.
- C. If the information provided by the Eligible Member pursuant to subsection (A) is correct, the Employer shall validate the information and submit the information to the ASRS through the Employer's secure ASRS account. If the information provided by the Eligible Member pursuant to subsection (A) is incorrect, the Employer shall correct the information and submit the information to the ASRS through the Employer's secure ASRS account.
- D. Upon submitting the information specified in subsection (B), the Employer shall acknowledge the following statements of understanding:
 - 1. The Employer has verified all the dates for the approved leave of absence period are correct; and
 - 2. The contact individual has the legal power to bind the Employer in transactions with the ASRS.
- B-E. The amount the member ~~Eligible Member~~ shall pay to purchase ~~service credit~~ Service Credit for an approved leave of absence is determined as provided in R2-8-506.

R2-8-509. Required Documentation and Calculations for Military Service Credit

- A. An eligible member Eligible Member may request who requests to purchase Service Credit for ~~military service~~ Military Service credit under A.R.S. § 38-745(A) and (B). ~~To request to purchase military service credit, the eligible member shall provide to the ASRS:~~
- 1. ~~The items listed in R2-8-507(A)(1);~~
- 2.1. A copy of the ~~eligible member's~~ Eligible Member's ~~military service record~~ Military Service Record within 30 days of the Eligible Member's request to purchase Service Credit; and
- 3.2. A completed, signed, dated, and notarized Affidavit of Military Service form that contains:
 - a. The member's full name;
 - b.a. ~~The member's Social Security number;~~ Whether the Eligible Member is receiving a benefit or is eligible to receive a benefit from the military.
 - e.b. The branch of the ~~uniformed services~~ Uniformed Services the ~~member~~ Eligible Member was in;
 - d.c. ~~Whether the member~~ Eligible Member ~~was on~~ active-duty Active Duty ~~or active reserve duty;~~ Active Reserve Duty;
 - e.d. ~~The years and months by fiscal year that the member was in active duty or active reserve duty for which the member wishes to purchase service credit;~~ The start date and end date of the Eligible Member's Military Service for which the Eligible Member is requesting to purchase Service Credit;
 - f.e. Acknowledgement that the ~~member~~ Eligible Member ~~has attached;~~ will submit to the ASRS:
 - i. Proof of honorable discharge ~~separation~~ for each type of military service Military Service listed on the form; and
 - ii. The member's Eligible Member's ~~military service record~~ Military Service Record that supports all of the service listed on the affidavit; ~~form;~~
 - g.f. Acknowledgement of the following statements of understanding; ~~The following statements of understanding initiated by the member:~~
 - i. I understand that any person who knowingly makes any false statement or who falsifies or permits to be falsified any record of the retirement plan with an intent to defraud the plan is guilty of a class 6 felony per Arizona Revised Statutes Section 38-793;
 - ii. I understand this transaction is subject to audit and if any errors or misrepresentations are discovered as a result of this audit, my total credited service with the ASRS will be adjusted as necessary and if I am retired, my retirement benefit will also be adjusted;
 - iii.i. I understand ~~The~~ Eligible Member understands that the service listed on this affidavit form does not include time that ~~the~~ Eligible Member either volunteered or was ordered into active-duty Active Duty ~~military service as part of a Presidential military call-up while employed by an Employer.~~ Call-up. This service is purchased under Presidential Military



Call-up Service and requires a Presidential Military Call-up form to be completed by ~~your~~ the Eligible Member's ~~employer~~ Employer; and

~~iv.ii. I understand~~ The Eligible Member understands that any time ~~I have~~ the Eligible Member has listed on this affidavit form for Reserve or National Guard time reflects the months that ~~I~~ the Eligible Member attended at least one drill or assembly for each month listed.

- B. The amount the ~~eligible member~~ Eligible Member pays to purchase Service Credit for ~~military service~~ Military Service ~~credit~~ is determined as provided in R2-8-506.
- C. The ASRS determines the amount of ~~service credit~~ Service Credit an ~~eligible member~~ Eligible Member receives for ~~active duty~~ Active Duty and ~~active reserve duty~~ Active Reserve Duty time by the time listed on the Affidavit of Military Service form, if the service listed is supported by the information contained in the ~~member's~~ Eligible Member's ~~military service record~~ Military Service Record.
- D. If the ASRS has not received complete and correct documents pursuant to this section within 30 days of the request to purchase Service Credit, the ASRS shall cancel the Eligible Member's request to purchase Service Credit.

R2-8-510. Required Documentation and Calculations for Presidential Military Call-up Service Credit

- A. An ~~eligible member~~ Eligible Member or the ~~eligible member's beneficiary~~ who meets the requirements under A.R.S. § 38-745(E)D shall receive up to 60 months of Service Credit, not to exceed 5 years of Service Credit for Presidential Military Call-up service Service under A.R.S. § 38-745(C) ~~through (I)~~ (D) through (K). In order to determine the amount of contributions the ASRS ~~employer~~ Employer owes to purchase ~~service credit~~ Service Credit for Presidential Military Call-up service, Service, the ~~eligible member's~~ Eligible Member's ASRS ~~employer~~ Employer shall provide to the ASRS a copy of the ~~eligible member's~~ Eligible Member's ~~military service record~~ Military Service Record and a completed Presidential Military Call-up form that includes the following:
 - 1. The ~~member's~~ Eligible Member's full name;
 - 2. The ~~member's~~ Eligible Member's Social Security number;
 - 3. The start date of Presidential Military Call-up Service;
 - 4. The end date of Presidential Military Call-up Service;
 - 5. ~~Whether the member received paid leave while on Presidential Call-up;~~
 - 6.5. The date the ~~member~~ Eligible Member returned to work for the ASRS ~~employer~~ Employer;
 - 7.6. The salary for each pay period in each fiscal year while the ~~member~~ Eligible Member ~~is~~ was on Presidential Call-up, military call-up, including any salary increases the ~~eligible member~~ Eligible Member would have received had the ~~member~~ Eligible Member not left ~~employment~~ work due to Presidential Call-up, if applicable; military call-up;
 - 8. ~~The ASRS employer's name and address;~~
 - 9.7. The name of a contact individual for the ASRS ~~employer~~ Employer, and that individual's business and fax telephone numbers;
 - 10.8. The contact individual's dated signature and date of signature;
 - 11.9. If applicable, the earlier of:
 - a. ~~The dates~~ that the ~~member~~ Eligible Member was hospitalized and released from the hospital for injuries sustained as a result of participating in a Presidential Call-up; military call-up, or
 - b. ~~The date that the member was hospitalized for one year for injuries sustained as a result of participating in a Presidential Call-up; and~~
 - 10. If applicable, the date the Eligible Member became disabled during or as a result of participating in a military call-up.
 - 11. If applicable, the date of the Eligible Member's death during or as a result of participating in a military call-up; and
 - 12. Acknowledgement of the following statements of understanding:
 - a. All the dates and payroll information for the Military Call-up Service are correct;
 - b. The Eligible Member:
 - i. Was honorably separated from Active Duty and returned to the same Employer within 90 days of either discharge from Active Duty or release from service-related hospitalization; or
 - ii. Was disabled and unable to return to work; or
 - iii. Died during or as a result of Active Duty.
 - c. The Employer must pay both the employee and Employer contributions in a lump sum upon the Eligible Member returning to employment, receipt of a declaration of disability, or receipt of a death certificate. These contributions are based on the salary the Eligible Member would have earned if the Eligible Member had not volunteered or been ordered into Active Duty.
 - d. The Eligible Member may receive a maximum of 60 months of Service Credit for Military Call-up Service pursuant to A.R.S. § 38-745.
 - e. The contact individual has the legal power to bind the Employer in transactions with the ASRS.
 - 12. A copy of the ~~member's death certificate, if applicable.~~
- B. An ASRS ~~employer~~ Employer shall make the request to purchase ~~service credit~~ Service Credit for Presidential Military Call-up service Service within 30 days after the ~~member's active duty termination date~~ earlier of the dates listed in A.R.S. § 38-745(E).
- C. The ASRS calculates the amount the ASRS ~~employer~~ Employer pays to purchase Presidential Military Call-up service Service pursuant to A.R.S. § 38-745(G) by multiplying the ~~eligible member's~~ Eligible Member's salary per pay period at the time ~~active duty~~ Active Duty commences, by the contribution rate in effect for the period of ~~active duty~~ Active Duty, and by the years or partial years of ~~service~~ clapsing from the ~~active duty commencement date~~ through the ~~active duty termination date~~. Included in the calculation are any salary increases the ~~member~~ Eligible Member would have received if the ~~member~~ Eligible Member had not left work to participate in a Presidential Call-up, military call-up.
- D. The ASRS shall send the ASRS ~~employer~~ Employer a statement of cost for purchase of the Service Credit for Presidential Military Call-up service credit, Service based on the calculation in subsection (B)(C). Within 90 days from the date on the ASRS statement of cost, the ASRS ~~employer~~ Employer shall pay to the ASRS the amount on the statement. If the ASRS ~~employer~~ Employer fails to make full payment within ~~the~~ 90 days, interest shall accrue on the unpaid balance at the ~~assumed actuarial investment earnings rate~~



approved by the Board Assumed Actuarial Investment Earnings Rate in effect on the date of the statement of cost as specified in R2-8-118(A). The ASRS may collect the unpaid balance plus interest pursuant to A.R.S. § 38-735(C).

- E. If an ASRS employer Employer deducts remits retirement and or long-term disability contributions from on behalf of an eligible member's pay Eligible Member while the eligible member Eligible Member is on Presidential Call-up service military call-up, the Employer shall reverse the contributions ASRS shall return the contributions to the ASRS employer after the ASRS receives the information in subsection (A).
- F. If an ASRS employer Employer deducts remits retirement contributions from on behalf of an eligible member's pay Eligible Member while the eligible member Eligible Member is on Presidential Call-up service military call-up, and the eligible member Eligible Member does not return to the ASRS employer Employer after separation from active military service Military Service, the ASRS shall apply the retirement contributions to the member's Eligible Member's credited service.

R2-8-511. Required Documentation and Calculations for Other Public Service Credit

- A. An eligible member Eligible Member who requests to purchase other public service credit Service Credit for Other Public Service under A.R.S. § 38-743 shall provide to the ASRS a completed Affidavit of Other Public Service form, signed and dated by the member Eligible Member, and notarized, that includes the following:
 - 1. The member's full name;
 - 2. The member's Social Security number;
 - 3. Other names used by the member during employment with the other public service employer, if applicable;
 - 4.1. The name and mailing address of the other public service Other Public Service employer;
 - 5.2. The position the member Eligible Member held while working for the other public service Other Public Service employer;
 - 6.3. A contact name and telephone number of an individual in the other public service employer's human resources department who can verify employment, if known The start date and end date of the Eligible Member's employment with the Other Public Service employer;
 - 7.4. The actual months and years the Eligible Member was employed with the Other Public Service employer; The years and months by fiscal year of other public service the member worked and wishes to purchase;
 - 8.5. If the other public service employer was a non-ASRS employer, a statement of whether the member Eligible Member participated in the non-ASRS Other Public Service employer's retirement plan;
 - 9.6. If the member Eligible Member participated in the Other Public Service employer's a non-ASRS public service employer's retirement plan, the name of the retirement plan, identifying whichever one of the following applies:
 - a. The approximate date the member Eligible Member took a return of retirement contributions;
 - b. The plan is non-contributory and the member Eligible Member is not eligible for benefits from the plan; or
 - c. That, if not using all of the retirement contributions as a pre-tax rollover, the member Eligible Member will request a return of retirement contributions and forfeit all rights to any benefits from the plan and provide the ASRS with documentation that the member Eligible Member has forfeited all rights to benefits from the plan no later than the due date specified on the SP invoice Invoice; and
 - 10.7. Acknowledgement that:
 - a. Knowingly making a false statement or falsifying or permitting falsification of any record of the ASRS with an intent to defraud ASRS is a Class 6 felony, pursuant to A.R.S. § 38-793;
 - b. The service purchase transaction is subject to audit and if any errors are discovered, the ASRS shall adjust a member's total credited service with the ASRS, or if the member is already retired, adjustments to the member's credited service will affect the member's retirement benefit; and
 - c. If if an audit determines that the member Eligible Member is eligible for a benefit from the other public service Other Public Service employer's retirement plan, the member Eligible Member is required to take necessary steps to forfeit the benefit, and if the forfeiture is not completed within 90 days of being notified of the audit results, the service credit Service Credit purchase listed on this application will be revoked and any funds paid to purchase the service credit Service Credit will be refunded to the member.
- B. The amount the member Eligible Member shall pay to purchase other public service credit Service Credit for Other Public Service is determined as provided in R2-8-506.
- C. Notwithstanding R2-8-512, the ASRS shall not accept after-tax monies for the purchase of Service Credit for Other Public Service with a territory, commonwealth, overseas possession or insular area pursuant to A.R.S. § 38-743.

R2-8-512. Purchasing Service Credit by Check, Cashier's Check, or Money Order

- A. An eligible member Eligible Member may purchase service credit Service Credit by personal check in the Eligible Member's name, cashier's check, or money order remitted by the Eligible Member.
- B. Within 30 days of the issue date on the SP invoice or PDA pay-off letter By the due date specified by the method of payment the Eligible Member elected, the member Eligible Member shall ensure that the ASRS receives the completed Service Purchase Payment Request form with the information specified in R2-8-502(D)(2) and a check, cashier's check, or money order made to the order of the Arizona State Retirement System payable to the ASRS in the amount to purchase the requested service credit Service Credit.
- C. If an eligible member purchases service credit by check, cashier's check, or money order in conjunction with one or more rollovers, trustee-to-trustee transfers, or termination pay, the member shall make payment within 30 days after the date the ASRS sends written confirmation that the ASRS received the final rollover, trustee-to-trustee transfer, or termination pay payment.

R2-8-513. Purchasing Service Credit by Irrevocable Payroll Deduction Authorization PDA

- A. An eligible member Eligible Member may purchase service credit Service Credit by Irrevocable Payroll Deduction Authorization PDA.
- B. By the due date specified on the SP invoice, the member shall ensure that the ASRS receives the completed Service Purchase Payment Request form with the information specified in R2-8-502(D)(2).



~~C.B.~~ If the ~~eligible member~~Eligible Member elects to pay for service credit Service Credit by Irrevocable Payroll Deduction Authorization PDA, the Eligible Member shall elect the terms of the Irrevocable PDA and submit the Irrevocable PDA to the ASRS and the Employer with the following: ASRS shall prepare an Irrevocable Payroll Deduction Authorization and send it to the eligible member for signature. The member shall ensure that the ASRS receives the signed Irrevocable Payroll Deduction Authorization within 30 days after the date on the Irrevocable Payroll Deduction Authorization. The signed Irrevocable Payroll Deduction Authorization becomes irrevocable upon receipt by the ASRS.

1. Acknowledgments:

- a. This Irrevocable PDA is binding and irrevocable;
- b. This Irrevocable PDA shall remain in effect until the earlier of:
 - i. The authorized payroll deductions are completed; or
 - ii. The Eligible Member terminates employment.
- c. The ASRS cannot terminate the Irrevocable PDA due to financial hardship;
- d. The amount of Irrevocable PDA payments the Eligible Member makes is subject to federal laws;
- e. The cost to purchase Service Credit by Irrevocable PDA includes an administrative interest charge at the Assumed Actuarial Investment Earnings Rate in effect at the time of the authorization as specified in R2-8-118(A);
- f. Payments specified in this Irrevocable PDA are in addition to the regular contributions required pursuant to A.R.S. §§ 38-736 and 38-797.05;
- g. The ASRS shall apply credited service to the Eligible Member's account upon receipt of payments authorized by the Eligible Member under this Irrevocable PDA; and
- h. The ASRS shall not transfer, refund, or disburse the administrative interest that the ASRS charges pursuant to subsection (B)(1)(c);

2. Statements of Understanding:

- a. It is the Eligible Member's responsibility to ensure the Eligible Member's Employer properly deducts payments and submits contributions as provided by the terms of the Irrevocable PDA;
- b. Payments specified by the terms of this Irrevocable PDA shall be made directly to the ASRS from the Eligible Member's Employer and the Eligible Member does not have the option of receiving such payments directly from the Employer;
- c. The Eligible Member's Employer shall make payments pursuant to this Irrevocable PDA after other mandatory deductions are made;
- d. The Eligible Member's Employer cannot accept an election to change this Irrevocable PDA.
- e. The Eligible Member has up to 14 days to request the ASRS calculate the remaining balance of this Irrevocable PDA after the earlier of:
 - i. Terminating employment;
 - ii. Terminating LTD without returning to work with an Employer; or
 - iii. The effective ASRS retirement date;
- f. The Eligible Member must complete a purchase of the remaining balance on this Irrevocable PDA by the due date specified on the PDA Pay-off Invoice.
- g. It is the Eligible Member's responsibility to notify the ASRS of any changes in the Eligible Member's employment that may affect the status of this Irrevocable PDA;
- h. If the Eligible Member terminates employment and returns to work with an Employer within 120 days of terminating employment, this Irrevocable PDA must continue with the new Employer pursuant to R2-8-513.01; and
- i. If the Eligible member terminates employment and does not return to work with an Employer within 120 days of terminating employment, the ASRS shall terminate this Irrevocable PDA pursuant to R2-8-513.01.

~~C.~~ By submitting the Irrevocable PDA to the ASRS, the Irrevocable PDA is deemed to be signed by the Eligible Member.

~~D.~~ At the time the ~~eligible member~~Eligible Member signs elects the Irrevocable Payroll Deduction Authorization PDA, the ~~eligible member~~Eligible Member may elect to use ~~termination pay~~Termination Pay towards the balance of the Irrevocable Payroll Deduction Authorization PDA if the ~~eligible member~~Eligible Member terminates employment. If the ~~eligible member~~Eligible Member elects to use Termination Pay, chooses this option, the ~~eligible member~~Eligible Member shall complete the Termination Pay Addendum to the Irrevocable Payroll Deduction Authorization and return submit the Irrevocable PDA to the ASRS along with the remainder of the Irrevocable Payroll Deduction Authorization that includes with the following information:

1. A statement that the ~~member~~Eligible Member:

- a. Understands and agrees that the memberEligible Member must continue working at least ~~three full calendar months~~Three Full Calendar Months after the date of submission of the form before ~~termination pay~~Termination Pay may be used on a pre-tax basis;
- b. Understands that if the termination paymentTermination Pay exceeds the balance owed on the Irrevocable Payroll Deduction Authorization PDA, the overage will be returned to the ASRS ~~employer~~Employer to be distributed to the ~~member~~; and Eligible Member;
- e. Elects to irrevocably agree to have termination pay that may be payable to the member upon termination of employment sent to the ASRS on a pre-tax basis and used toward any remaining balance of the Irrevocable Payroll Deduction Authorization if all scheduled payroll deductions have not been completed upon termination of service; and
- c. Understands that the election to use Termination Pay is binding and irrevocable;
- d. The Eligible Member's Termination Pay must be received and processed before the ASRS will accept any other form of payment;
- e. The Eligible Member's Employer is required to make payment directly to the ASRS after mandatory deductions are made, and the Eligible Member does not have the option of receiving the funds directly from the Employer;
- f. It is the Eligible Member's responsibility to ensure that the Eligible Member's Employer properly deducts Termination Pay;



- g. The amount of Termination Pay the Eligible Member elects is irrevocable pursuant to § 414(h)(2) of the IRC;
- h. If the Eligible Member terminates employment and immediately retires, the Eligible Member's retirement processing may be delayed; and
- 2. A statement Whether the Eligible Member is electing that either all termination pay Termination Pay or a specified amount of termination pay Termination Pay is to be applied to the balance of the Irrevocable Payroll Deduction Authorization PDA.
- E. The ASRS shall:
 - 1. Charge interest on the unpaid balance at the assumed actuarial investment earnings rate approved by the Board Assumed Actuarial Investment Earnings Rate in effect at the time the authorization was entered into; Eligible Member submitted the request to purchase service as specified in R2-8-118(A);
 - 2. Limit the payroll deduction time period to a maximum of 20 years; 520 payments; and
 - 3. Require a minimum payment of \$10.00 per payroll period, or payment in an amount to purchase at least .001 year years of service credit Service Credit per payroll period, whichever is greater.
- F. The ASRS shall transmit the Irrevocable Payroll Deduction Authorization to the active member's ASRS employer, and the ASRS employer Employer shall implement the payroll deduction on the first pay period after receiving the Irrevocable Payroll Deduction Authorization PDA.
- G. If a deduction is not made under an Irrevocable Payroll Deduction Authorization PDA within six months after the member Eligible Member signs submits the authorization, the authorization lapses and the member Eligible Member may make another request, which is recalculated based on the new request date unless the failure to begin deductions is due to an ASRS error.
- H. A period of leave of absence, long-term disability LTD, or Presidential Call-up military call-up shall not cancel the Irrevocable Payroll Deduction Authorization PDA. The ASRS employer Employer shall resume deductions immediately upon the member's Eligible Member's return to that employment Employer. The period during which the member Eligible Member is on leave of absence, on long-term disability LTD, or leaves work because of a Presidential Call-up military call-up is not included in the 20-year payment time limitation under subsection (E)(2)-(D)(2). If the member Eligible Member does not return to active working status, whether due to termination of employment or retirement, the member Eligible Member may elect to purchase the balance of unpaid service under the Irrevocable Payroll Deduction Authorization PDA at the time of termination or retirement as specified in this Section.
- I. Deductions made pursuant to an Irrevocable Payroll Deduction Authorization PDA continue until the:
 - 1. Irrevocable Payroll Deduction Authorization PDA is completed;
 - 2. Eligible Member retires, whether or not the member Eligible Member continues employment as allowed in A.R.S. §§ 38-766.01 and 38-764(J); or 38-764(I);
 - 3. Eligible Member terminates all ASRS employment without transferring employment; or
 - 4. Date of the Eligible Member's death.
- J. If a member an Eligible Member retires or terminates employment from all ASRS employers Employers without transferring employment as stated in R2-8-513.01 before all deductions are made as authorized by the Irrevocable Payroll Deduction Authorization PDA, the ASRS shall cancel the Eligible Member's member's Irrevocable PDA purchase of service credit is canceled unless the member Eligible Member notifies the ASRS of the Eligible Member's intent to purchase the remaining amount in writing during the period 14 days before to within 14 days after the earlier of either termination or retirement or termination from all ASRS employment of the intent to purchase the remaining amount due in a lump sum.
- K. When the member Eligible Member notifies the ASRS of retirement or termination from all ASRS employment and requests to pay off the Irrevocable Payroll Deduction Authorization PDA, the ASRS shall send the member Eligible Member a PDA pay-off Pay-off Invoice letter to the mailing address given by the member through the Eligible Member's secure ASRS account. The ASRS shall calculate the amount owed by the member Eligible Member and reduce the amount owed by any excess interest that the member has paid.
- L. Within 30 days of the date of the PDA pay-off letter By the date payment election is due, the member Eligible Member shall ensure that the ASRS receives the completed SP Payment Request form with the information specified in R2-8-502(C) R2-8-502(D)(2).
- M. The member Eligible Member may purchase the remaining service credit Service Credit by one or more of the following methods by the due date specified on the PDA Pay-off Invoice:
 - 1. By check, cashier's check, or money order made out to the ASRS under any method specified in R2-8-512;
 - 2. By making a request to the ASRS for a rollover or transfer under R2-8-514 and completing the rollover or transfer within 90 days of the date of by the due date specified on the PDA pay-off letter; Pay-off Invoice; or
 - 3. By termination pay distribution Termination Pay under R2-8-519, if the member Eligible Member authorized this option at the time the member Eligible Member signed the Irrevocable Payroll Deduction Authorization PDA.

R2-8-513.01. Irrevocable Payroll Deduction Authorization PDA and Transfer of Employment to a Different ASRS employer Employer

- A. If an Eligible Member Transfers Employment, the Eligible Member's new Employer shall continue to make deductions pursuant to an An Irrevocable Payroll Deduction Authorization PDA continues if a member transfers employment.
- B. If an Eligible Member terminates employment without having accepted an offer to work with an Employer, the ASRS shall terminate an An Irrevocable Payroll Deduction Authorization ends if a member terminates employment without having accepted an offer to work for a new ASRS employer, and the member is not already an active member working for a different ASRS employer. The member shall then pay off the Irrevocable Payroll Deduction Authorization as specified in R2-8-513(J)- PDA.
- C. Notwithstanding subsection (B), if a retirement contribution is due from the a new ASRS employer Employer within 120 days from the member's Eligible Member's termination date with the previous employer Employer, there is a rebuttable presumption that there is a transfer of employment the ASRS shall determine that the Eligible Member Transferred Employment, unless the Eligible Member notified the ASRS of the termination of employment. If a retirement contribution is not received within 120 days, the Irrevocable Payroll Deduction Authorization terminates.



- D.** If an Eligible Member who has elected Termination Pay pursuant to R2-8-513(D), Transfers Employment, the ASRS shall not accept any Termination Pay that the ASRS receives from the Eligible Member's previous Employer.

R2-8-513.02. Termination Date

For the purpose of an Irrevocable ~~Payroll Deduction Authorization, PDA~~, the date a ~~member~~ Eligible Member is considered terminated from an ~~ASRS employer~~ Employer is:

1. For a ~~member~~ Eligible Member terminating employment, the ~~member's~~ Eligible Member's last pay period end date with that ~~ASRS employer~~ Employer;
2. For a ~~member~~ Eligible Member on ~~Presidential Call-up~~ military call-up who does not return to the same ~~ASRS employer~~ Employer:
 - a. ~~Ninety~~ 90 days from the date of separation from ~~Presidential Call-up service~~ military call-up;
 - b. ~~Ninety~~ 90 days from the date released from the hospital, if injured while on ~~Presidential Call-up service~~ military call-up; or
 - c. The date the ~~member~~ Eligible Member has been hospitalized for ~~one year~~ two years for injuries sustained as a result of participating in a ~~Presidential Call-up~~ or military call-up;
 - d. ~~The date of the member's death as a result of participating in a Presidential Call-up~~;
3. For a ~~member~~ Eligible Member on leave of absence without pay who does not return to the same ~~ASRS employer~~ Employer, the date the ~~ASRS employer~~ Employer required the ~~member~~ Eligible Member to return to work;
4. For a ~~member~~ Eligible Member who is unable to work because of a disability, the later of:
 - a. The date the ~~member's~~ Eligible Member's request for long-term disability benefits are denied;
 - b. The date the ~~member~~ Eligible Member no longer has ~~sick leave and annual leave~~ leave with pay available; or
 - c. For a ~~member~~ Eligible Member on long-term disability who does not return to the same ~~ASRS employer~~ Employer or ~~transfer employment~~ Transfer Employment, the date long-term disability benefits are terminated.

R2-8-514. Purchasing Service Credit by Direct Rollover or Trustee-to-Trustee Transfer

- A. An ~~eligible member~~ Eligible Member may purchase ~~service credit~~ Service Credit or pay off an ~~Irrevocable Payroll Deduction Authorization~~ by direct rollover at retirement or termination of employment without transferring employment. Direct Rollover or Trustee-to-Trustee Transfer pursuant to this Article.
- B. By the due date specified by the method of payment the Eligible Member elected, By the due date specified on the SP invoice, the member Eligible Member shall ensure that the ASRS receives the payment for the service purchase and a completed Direct Rollover/Transfer Certification to Purchase Service Credit form, Service Purchase Payment Request form with the information specified in R2-8-502(D)(2).
- ~~C.~~ Upon receipt of the completed ~~Service Purchase Payment Request form~~, the ASRS shall provide a ~~Direct Rollover/Transfer Certification to Purchase Service Credit form~~, if the ASRS has not already provided the member with the form.
- ~~D.~~ The member shall ensure that the ASRS receives the ~~Direct Rollover/Transfer Certification to Purchase Service Credit form~~ completed by the member and the plan making the distribution within 90 days after the issue date of the SP Invoice.
- D.** An Eligible Member who chooses to purchase Service Credit shall provide the following to the ASRS:
 1. The name of the financial institution or plan;
 2. Whether the Eligible Member is choosing to rollover/transfer the entire balance of their account and if not, the amount of the rollover/transfer;
 3. Acknowledgement of the following information:
 - a. After-tax funds are only acceptable from 401(a) and 403(b) plans and must be listed separately from the portion that is pre-tax on the payment as after-tax amounts. This information must be provided to the ASRS with the payment.
 - b. The only fund types that the ASRS accepts are:
 - i. 401(a);
 - ii. 401(k) pre-tax only;
 - iii. 403(b);
 - iv. Governmental 457 pre-tax only;
 - v. 403(a) pre-tax only;
 - vi. 408 Traditional IRA pre-tax only;
 - vii. 408(k) SEP IRA pre-tax only;
 - viii. 408(p) Simple IRA pre-tax only and only if the Eligible Member participated for at least two years in this plan;
 - c. The ASRS shall not accept the following fund types:
 - i. Roth funds;
 - ii. Funds already distributed to the Eligible Member from a retirement plan listed in subsection (3)(b);
 - iii. Inherited IRA;
 - iv. Coverdale Education Savings Account funds;
 - v. Hardship distributions;
 - vi. Funds not includable in gross income;
 - vii. Funds required under § 401(a)(9) of the IRC because the Eligible Member have attained age 70½;
 - viii. One of a series of substantially equal periodic payments made at least annually for the Eligible Member's life;
 - ix. One of a series of substantially equal periodic payments made for 10 years or more;
 - x. After-tax contributions from any plan other than a 401(a) or 403(b) qualified plan;
 - d. The funds must be sent as a Direct Rollover from a plan listed in subsection (3)(b) and issued to the ASRS for the benefit of the Eligible Member. If the payment is issued to anyone other than the ASRS, including the Eligible Member, then within 60 days of the plan issuing the payment, the Eligible Member must place the payment into a plan specified in subsection (3)(b) to be reissued directly to the ASRS.



- e. It is the Eligible Member's responsibility to contact the administrator of the plan from which the Direct Rollover will be made and have it initiated. The Eligible Member must also ensure all rollovers are completed by the due date. If the ASRS does not receive payment by the due date, the invoice will expire and the payment will be returned to the Eligible Member.
 - f. If the ASRS accepts a rollover and later determines that it was not eligible, the ASRS will distribute the invalid payment directly to the Eligible Member. Any taxes, penalties, and interest that the IRS, any taxing authority, or financial institution may assess against the Eligible Member due to an invalid payment are solely the Eligible Member's responsibility.
 - g. The plan from which the Eligible Member is rolling over funds must be solely in the Eligible Member's name. The Eligible Member may be a spousal beneficiary of a deceased person or an alternate payee on the plan from which the Eligible Member is rolling over funds.
- E. The information requested on the An Eligible Member who chooses to purchase Service Credit pursuant to this section shall submit a Direct Rollover/Transfer Certification to Purchase Service Credit form that includes:
- 1. The Eligible Member's full name;
 - 2. Member's The last 4 digits of the Eligible Member's Social Security number;
 - 3. Member's mailing address;
 - 4. Member's daytime telephone number;
 - 5. The amount of each rollover or transfer, if applicable;
 - 6. The account number of each plan, if applicable;
 - 7-3. The member's Eligible Member's signature certifying that the member Eligible Member understands the requirements, limitations, and entitlements for the rollover/transfer that is being used to purchase service credit Service Credit, and has read and understands the Direct Rollover/Transfer Certification to Purchase Service Credit form and any accompanying instructions and information sheets;
 - 8. The date the member signs the form;
 - 9-4. The authorized representative's Authorized Representative's name and title;
 - 10. The authorized representative's address;
 - 11-5. The authorized representative's Authorized Representative's telephone number;
 - 12-6. Certification by the authorized representative Authorized Representative's dated signature that:
 - a. The plan is either:
 - i. A qualified pension, profit sharing, or 401(k) plan described in IRC § 401(a), or a qualified annuity plan described in IRC § 403(a);
 - ii. A deferred compensation plan described in IRC § 457(b) maintained by a state of the United States, a political subdivision of a state of the United States, or an agency or instrumentality of a state of the United States;
 - iii. An annuity contract described in IRC § 403(b); or
 - iv. An IRA described in A.R.S. § 38-747(H)(3);
 - b. The rollover/transfer specified on the form from which the pre-tax funds are being rolled over or transferred is intended to satisfy the requirements of the applicable section of the Internal Revenue Code IRC;
 - c. The authorized representative Authorized Representative is not aware of any plan provision or any other reason that would cause the plan/IRA not to satisfy the applicable section of the Code IRC; and
 - d. The funds will be sent to the ASRS as a direct plan rollover, IRA rollover, or a trustee-to-trustee transfer Trustee-to-Trustee Transfer; and
 - 13. The date and signature of the authorized representative.
- F. The ASRS shall provide the member with written notification regarding the eligibility of the rollover.
- G-E. The member Eligible Member shall contact the plan administrator Plan Administrator to have the funds distributed and transferred to the ASRS. Except as provided in subsection (H), unless Unless the ASRS receives a check for the correct amount from the plan and all documents required by this Article by the due date specified by the method of payment the Eligible Member elected, within 90 days of the issue date on the SP invoice, the ASRS shall cancel the request to purchase service credit as specified in R2-8-502(C): Service Credit.
- H. At the written request of the member, the ASRS shall provide an extension of 60 days in which the check may be received by the ASRS from the plan at the written request of the member, if:
- 1. The member has followed the procedure in this Article for requesting to purchase service credit;
 - 2. The member has responded to the ASRS correspondence within the time frame set forth in this Article;
 - 3. The eligible plan has not provided to the ASRS the check to pay for the requested service credit purchase within 90 days of the date of the SP invoice; and
 - 4. The member makes the written request for extension before expiration of the 90 days.
- I-F. The member Eligible Member shall ensure that the ASRS receives a check from the plan, made payable to the ASRS, for an amount that does not exceed the amount specified on the SP Invoice.
- J-G. If the payment from the eligible plan exceeds the amount specified on the SP Invoice, the ASRS shall return the entire payment to the member Eligible Member.
- R2-8-515. Purchasing Service Credit by Trustee-to-Trustee Transfer Repealed**
- A. An eligible member may purchase service credit or pay off an Irrevocable Payroll Deduction Authorization at retirement or termination of employment without transferring employment by a trustee-to-trustee transfer if the member participates in:
- 1. A deferred compensation plan described in IRC § 457 that is maintained by:
 - a. The state of Arizona;
 - b. A political subdivision, agency, or instrumentality of the state of Arizona; or
 - c. A political subdivision entity of the state of Arizona;
 - 2. An annuity contract described in IRC § 403(b); or
 - 3. A retirement program qualified under IRC § 401(a) or 403(a).



- ~~B.~~ By the due date specified on the SP invoice, the ASRS shall receive from the member the completed Service Purchase Payment Request form described in R2-8-502(D)(2).
- ~~C.~~ Upon receipt of the completed Service Purchase Payment Request form, the ASRS shall provide a Direct Rollover/Transfer Certification to Purchase Service Credit form, if the ASRS has not already provided the member with the form.
- ~~D.~~ The member shall ensure that the member and the plan administrator complete the Direct Rollover/Transfer Certification to Purchase Service Credit form, containing all of the applicable information identified in R2-8-514(E), and ensure that the ASRS receives the form within 90 days after the issue date on the SP Invoice.
- ~~E.~~ The ASRS shall provide the member with written notification regarding the eligibility of the transfer.
- ~~F.~~ The member shall contact the plan administrator to have the funds transferred to the ASRS. Except as provided in subsection (G), unless the ASRS receives the check for the correct amount from the plan within 90 days of the issue date on the SP invoice, the ASRS shall cancel the request to purchase service credit as specified in R2-8-502(C).
- ~~G.~~ The ASRS shall provide an extension of 60 days in which the check may be received by the ASRS from the plan at the written request of the member, if:
 - 1. The member has followed the procedure under this Article for requesting to purchase service credit;
 - 2. The member has responded to the ASRS correspondence within the time frame set forth in this Article;
 - 3. The eligible plan has not provided to the ASRS the check to pay for the requested service credit purchase within 90 days of the date of the SP invoice; and
 - 4. The member makes the written request for extension before expiration of the 90 days.
- ~~H.~~ The member shall ensure that the ASRS receives a check from the plan, made payable to the ASRS, for an amount that does not exceed the amount specified on the SP Invoice.
- ~~I.~~ If the payment from the eligible plan exceeds the amount specified on the SP Invoice, the ASRS shall return the entire payment to the member and notify the member of the correct amount due.

R2-8-519. Purchasing Service Credit by Termination Pay Distribution

- ~~A.~~ To purchase service credit Service Credit using termination pay distribution Termination Pay, an eligible member Eligible Member shall, no more than six months before the date the eligible member plans to retire or terminate employment, request to purchase service credit as specified in R2-8-502 and specify that the member wants to use termination pay distribution to pay for the service credit. Upon receipt of the acknowledgement letter identified in R2-8-502, the eligible member shall provide documentation for service credit as required by this Article, within 30 days of the eligible member's request to purchase service credit, elect to use Termination Pay by the date payment election is due.
- ~~B.~~ Upon receipt of the documentation required by this Article from the eligible member and if the eligible member's request to purchase service credit meets the requirements of this Article, the ASRS shall provide a:
 - 1. SP invoice stating the cost to purchase the requested amount of service credit and the date the payment is due; and
 - 2. Service Purchase Payment Request form as described in R2-8-502(D)(2).
- ~~B.~~ An Eligible Member who elects to use Termination Pay pursuant to this section, shall provide the ASRS with the Eligible Member's anticipated termination date which cannot be more than six months from the date the ASRS issues the SP Invoice and must be at least Three Full Calendar Months after the date the Eligible Member elects and submits Termination Pay as a method of payment.
- ~~C.~~ By the due date specified on the SP invoice, the member shall ensure that the ASRS receives the completed Service Purchase Payment Request form.
- ~~D.C.~~ Upon receipt of the Service Purchase Request form, if the member indicates the member wishes to purchase service credit by termination pay distribution, the ASRS shall send the member a Termination Pay Authorization for the Purchase of Service Credit form to complete and return within the time limitation specified in subsection (E) that includes: An Eligible Member who elects to use Termination Pay pursuant to this section, shall provide the ASRS with a Termination Pay Authorization for the Purchase of Service Credit form with the following information:
 - 1. Member's full name;
 - 2. Member's Social Security number;
 - 3. Member's daytime telephone number;
 - 4. The Request ID number listed on the SP invoice;
 - 5. 1. The Name name of the ASRS employer; Employer that will be submitting the Termination Pay to the ASRS;
 - 6. 2. Whether the member Eligible Member elects to use all termination pay Termination Pay or a specific amount of termination pay to purchase service credit; Termination Pay;
 - 7. 3. Signature of the member Eligible Member, certifying that the member Eligible Member understands that:
 - a. The member Eligible Member is required to continue working at least three full calendar months Three Full Calendar Months after the date the member Eligible Member submits the Termination Pay Authorization for the Purchase of Service Credit form before termination pay Termination Pay may be used on a pre-tax basis;
 - b. If the member Eligible Member terminates employment more than six months after the date on the SP invoice Invoice, the member Eligible Member may purchase the service credit Service Credit at a newly calculated rate and possibly at a higher cost;
 - c. The terms elected in the Termination Pay Authorization for the Purchase of Service Credit form is are binding and irrevocable;
 - d. The member's Eligible Member's employer Employer is required to make payment directly to the ASRS after mandatory deductions are made, and the member Eligible Member does not have the option of receiving the funds directly from the employer; Employer;
 - e. The ASRS shall apply service credit to the member's account upon the receipt of payments authorized by the member by the Termination Pay Authorization for the Purchase of Service Credit form; The Eligible Member's Termination Pay must be received and processed before the ASRS will accept any other form of payment;



- f. If the member elects to purchase with termination pay only a portion of the service credit that the member is entitled to purchase, the member may be eligible to use other forms of payment to purchase additional service credit. However, using other forms of payment to purchase additional service credit does not alter, amend, or revoke the terms of the Termination Pay Authorization for the Purchase of Service Credit form;
 - g-f. It is the member's Eligible Member's responsibility to ensure that the member's Eligible Member's employer properly deducts ~~termination pay~~ Termination Pay, as provided in the Termination Pay Authorization for the Purchase of Service Credit form; and
 - h-g. The amount of ~~termination pay~~ Termination Pay the member Eligible Member elects is irrevocable pursuant to § 414(h)(2) of the IRC; allowed to apply to purchase service credit is subject to federal laws.
 - h. If the Termination Pay exceeds the balance due on the SP Invoice, the ASRS will return the difference to the Eligible Member's Employer to be distributed to the Eligible Member;
 - i. If the Eligible Member terminates employment and immediately retires, the Eligible Member's retirement processing may be delayed; and
 - j. The ASRS will send a notification to the Eligible Member's Employer two weeks prior to the Eligible Member's termination date, as indicated on the Termination Pay Authorization form, to notify the Employer that the Eligible Member's Termination Pay must be sent directly to the ASRS.
- E.** In addition to the other time limitations in this Section, to apply termination pay to a service purchase the eligible member shall complete and sign the Termination Pay Authorization for the Purchase of Service Credit form, and the member shall ensure that the ASRS receives the Termination Pay Authorization for the Purchase of Service Credit form at least three full calendar months before the member retires or terminates employment.
- F-D.** The ASRS shall not apply a ~~termination pay distribution~~ Termination Pay to an SP Invoice a service credit purchase covered by an Irrevocable Payroll Deduction Authorization PDA in effect at the time of termination, unless the eligible member Eligible Member signed elects at the Termination Pay Addendum to the Irrevocable Payroll Deduction Authorization specified in pursuant to R2-8-513(D) at the time the member signed authorized the Irrevocable Payroll Deduction Authorization PDA.
- G-E.** If a member an Eligible Member elects to use all of the member's available ~~termination pay~~ Termination Pay to purchase ~~service credit~~ Service Credit, the ASRS shall not apply any other form of payment to the ~~service credit~~ Service Credit purchase until the ASRS receives the ~~termination pay~~ Termination Pay.
- F.** Notwithstanding any other section, if an Eligible Member dies prior to terminating employment, the ASRS shall not accept Termination Pay.
- G.** If an Eligible Member Transfers Employment, the ASRS shall not accept Termination Pay from the Eligible Member's previous Employer.

R2-8-520. Termination of Employment and Request Return of Retirement Contributions or Death of Member While Purchasing Service Credit by an Irrevocable ~~Payroll Deduction Authorization~~ PDA

- A. If a member an Eligible Member terminates employment without transferring employment as specified in R2-8-513.01 while purchasing ~~service credit~~ Service Credit by an Irrevocable ~~Payroll Deduction Authorization~~ PDA and requests return of retirement contributions pursuant to A.R.S. § 38-740, the ASRS shall return any principal payments made for the purchase of ~~service credit~~ Service Credit including interest earned on those principal payments as determined by the Board at the interest rate specified in R2-8-118(A), column 3.
- B. If a member an Eligible Member dies while purchasing ~~service credit~~ Service Credit, the ASRS shall credit the member's Eligible Member's account with:
 1. The service credit Service Credit for which the ASRS received payment pursuant to a PDA before the member's Eligible Member's death;
 2. The principal payments made by the Eligible Member; and
 - 2-3. Interest earned on payment through the date of distribution at the valuation rate established by the Board, and Assumed Actuarial Investment Earnings Rate specified in R2-8-118(A).
 3. All service purchase payments.
- C. If a member an Eligible Member dies while purchasing ~~service credit~~ Service Credit, the ASRS shall not permit the survivor or an estate to purchase the remaining balance.
- D. The ASRS shall not transfer, disburse, or refund the administrative interest the ASRS charged as part of an Irrevocable Payroll Deduction Authorization PDA as specified in R2-8-513(E)(4).
- E. The ASRS shall not credit a member's account with the administrative interest the ASRS charged as part of an Irrevocable PDA as specified in R2-8-513.

R2-8-521. Adjustment of Errors

- A. If the ASRS determines an error has been made in the information provided by the member or in the calculations made by the ASRS, the ASRS shall make an adjustment, including, but limited to, increasing or decreasing a member's total credited service with the ASRS and increasing or decreasing the payment amount to the member's account and return ineligible payments, if any.
 - B. If the ASRS determines that a member is receiving or is eligible to receive retirement benefits from another public employee retirement system that makes the member ineligible to purchase service credit for the same period, the ASRS shall revoke that purchase of service credit, and return any payments made, less any interest payments made, if applicable.
- C-B.** The ASRS shall notify the member in writing of any adjustments.

ARTICLE 7. CONTRIBUTIONS NOT WITHHELD

R2-8-701. Definitions

The following definitions apply to this Article unless otherwise specified:



1. "218 agreement" means a written agreement between the state, political subdivision, or political subdivision entity and the Social Security Administration, under the provisions of § 418218 of the Social Security Act, to provide Social Security and Medicare or Medicare-only coverage to employees of the state, political subdivision, or political subdivision entity.
2. "Documentation" means a pay stub, completed W-2 form, completed Verification of Contributions Not Withheld form, ~~employer~~Employer letter or spreadsheet, completed State Personnel Action Request Form, Social Security Earnings Report, employment contract, payroll record, timesheet, or other ASRS ~~employer-provided~~Employer-provided form that includes:
 - a. Whether the employee was covered under the ~~ASRS employer's~~ Employer's 218 agreementAgreement prior to July 24, 2014,
 - b. The number of hours the member worked or length of time the member was employed by the ASRS employer, or for the Employer per pay period, and
 - c. The compensation paid to the member by the ASRS employer. The amount and type of compensation earned by the member within each pay period.
3. "Eligible service" means employment with an ~~ASRS employer~~Employer:
 - a. That is no more than 15 years before the date the ASRS receives written credible evidence that less than the correct amount of contributions were paid into the ASRS or the ASRS otherwise determines that less than the correct amount of contributions were made as specified in A.R.S. § 38-738(C); and
 - b. In which the member ~~worked a minimum of 20 hours per week for at least 20 weeks in a service year for at least one ASRS employer from 7/1/1999 to the present, was Engaged to Work for an Employer.~~
4. "Engaged to Work" means the same as in R2-8-1001.

R2-8-702. General Information

- ~~A.~~ Verified eligible service that occurred more than 15 years before the date ASRS receives the information identified in R2-8-704(A)(1) is considered public service credit as provided in A.R.S. § 38-738(D), and is not applied under this Article.
- ~~B.A.~~ The ASRS employer Employer shall pay the ASRS employer's Employer's portion of the contributions the ASRS determines is owed under R2-8-706 whether or not the member pays the member's portion of the contributions:
 1. The member has withdrawn contributions as specified in R2-8-115; or
 2. The member pays the member's portion of the contributions.
- ~~C.B.~~ The person who initiates the claim that contributions were not withheld for eligible serviceEligible Service has the burden to prove a contribution error was made.
- ~~D.C.~~ The ASRS shall not waive payment of contributions or interest owed under this Article.
- ~~E.D.~~ If a member is not able to establish eligibility for purchasing service credit pursuant to this Article, the member may be eligible to purchase service pursuant to for which contributions were not withheld, but is able to establish a period of employment by an ASRS employer the member may request to purchase service credit for that period under A.R.S. § 38-743 and Article 5 of this Chapter.

R2-8-703. ASRS Employer's Employer's Discovery of Error

If an ASRS employer Employer determines that any amount of contributions have not been withheld for a member for a period of eligible serviceEligible Service, the ASRS employer Employer shall notify the ASRS in writing, and shall provide ASRS with the member's full name, Social Security number, months, years, and hours per week worked, the compensation each fiscal year for the time periods worked, and the member's position title and status at the time contributions should have been withheld by submitting through the Employer's secure ASRS account a Verification of Contributions Not Withheld form with the following information:

1. The member's full name;
2. The member's Social Security number;
3. The range of dates that any contribution was not withheld;
4. The member's position title during the date range listed in subsection (3);
5. The amount and type of compensation the member was entitled to receive, and the number of hours the member worked for the Employer per pay period for each fiscal year;
6. The member's hire date;
7. Whether the member was Engaged to Work for the Employer;
8. Whether the position was covered under the Employer's 218 Agreement for periods prior to July 24, 2014;
9. The dated signature of the Employer's authorized agent certifying:
 - a. All the dates and salary information is correct;
 - b. The person submitting this form has the legal power to enter into binding transactions with the ASRS;
 - c. Acknowledgement the Employer will receive an invoice for the contributions owed for Eligible Service only, as well as the accumulated interest on the contributions that were not withheld for both the member and Employer contributions; and
 - d. Acknowledgement the member will receive an invoice for their contributions owed.

R2-8-704. Member's Discovery of Error

- ~~A.~~ If a member believes that an Employer has not withheld contributions for the member for a period of eligible serviceEligible Service, the member shall:
- ~~A.~~ Provide the Employer with documentation of the member's claim and request that the Employer provide verification that includes the information in the Verification of Contributions Not Withheld form or complete a Verification of Contributions Not Withheld form that includes:
1. The member's full name;
 2. Other names used by the member;
 3. The member's Social Security number;
 4. Whether the position was covered under the Employer's 218 agreement prior to July 24, 2014;
 5. The position title the member held at the time the contributions should have been withheld;



6. The eligibility of the member at the time the contributions should have been withheld;
7. The following statements of understanding and agreements certified by the authorized Employer representative's signature indicating:
 - a. I understand it is my responsibility to verify the accuracy of the information I am providing on this form. I understand any individual who knowingly makes a false statement, or who falsifies or permits to be falsified any record of the ASRS with an intent to defraud the ASRS, is guilty of a Class 6 felony pursuant to A.R.S. § 38-793; and
 - b. I understand that, based on the information provided on this form, the ASRS may determine that contributions are owed on behalf of the member listed on this form, and the Employer may incur a substantial financial obligation. I understand that I may receive an invoice for the member contributions I owe.
8. The following information by fiscal year:
 - a. All pay period end dates;
 - b. The hours per week worked within each pay period; and
 - c. The compensation earned by the member within each pay period.
9. The name of the Employer;
10. The printed name and signature of the authorized Employer representative;
11. The daytime telephone number of the authorized Employer representative;
12. The title of the authorized Employer representative; and
13. The date the authorized Employer representative signed the form;
1. Notify the member's Employer that the Employer has not withheld contributions correctly by contacting the Employer directly; or
2. Submit to the ASRS a Contributions Not Withheld Request form through the member's secure ASRS account with the following:
 - a. The name of the Employer that should have remitted contributions;
 - b. The range of dates that any contribution was not withheld;
 - c. The member's position title during the date range listed in subsection (b);
 - d. Whether the member was Engaged to Work for the Employer;
 - e. Dated signature of the member certifying the member understands:
 - i. The ASRS will be providing the member's Social Security number to the Employer for verification; and
 - ii. If the member's Employer cannot verify this request, it is the member's responsibility to provide Documentation of Eligible Service.
- B. Provide the ASRS with the completed Verification of Contributions Not Withheld form; and If the information provided by the eligible member pursuant to subsection (A) is correct, the Employer shall validate the information and submit the information to the ASRS through the Employer's secure ASRS account. If the information provided by the eligible member pursuant to subsection (A) is incorrect, the Employer shall correct the information and submit the information to the ASRS through the Employer's secure ASRS account, along with the information identified in subsection R2-8-703.
- C. If the Employer refuses to fill out the Verification of Contributions Not Withheld form, or if the member disputes the information the Employer completes on the form, the member shall provide the ASRS with the documentationDocumentation the member believes supports the allegation that contributions should have been withheld; that includes proof:
 1. That the employee was covered under the ASRS Employer's 218 agreement prior to July 24, 2014;
 2. Of the number of hours worked;
 3. Of the length of time the member was employed by the Employer; and
 4. Of the compensation paid to the member by the Employer.

R2-8-705. ASRS' Discovery of Error

If the ASRS determines, as specified in A.R.S. § 38-738(B)(7), that all contributions have not been withheld for a member for a period of eligible serviceEligible Service, the ASRS shall notify the member and the ASRS ~~employer~~Employer in writing and shall request the Employer submit through the Employer's secure ASRS account a Verification of Contributions Not Withheld form pursuant to R2-8-703, following information:

1. The months, years and hours per week worked;
2. The compensation earned by the member each fiscal year for the time periods worked; and
3. The member's position title at the time contributions should have been withheld.

R2-8-706. Determination of Contributions Not Withheld

- A. Upon receipt of the information listed in R2-8-703, R2-8-704, or R2-8-705, the ASRS shall review the information to determine whether or not member contributions should have been withheld by the Employer, the length of time those contributions should have been withheld, and the amount of contributions that should have been withheld.
- B. Except for a member who met ~~active membership requirements~~the requirements to be an active member while simultaneously contributing to another retirement plan listed in subsection (B)(2), for purposes of this Article, the ASRS shall determine that contributions should not have been withheld for the period of service in ~~questions~~question if:
 1. An Employer remits an accurate ACR amount pursuant to R2-8-116; or
 2. The employee participates in:
 - a. Another Arizona retirement plan listed in A.R.S. Title 38, Chapter 5, Articles 3, 4, or 6; or
 - b. In an optional retirement plan listed in A.R.S. Title 15, Chapter 12, Article 3 or A.R.S. Title 15, Chapter 13, Article 2.
- C. Except for returning to work under A.R.S. § 38-766.01, the presence of a contract between a member and the Employer does not alter the contribution requirements of A.R.S. §§ 38-736 and 38-737.
- D. If there is any discrepancy between the ~~documentation~~ Documentation provided by the Employer and the ~~documentation~~ Documenta-tion provided by the member, a document used in the usual course of business prepared at the time in question is controlling.



- E. The ASRS shall provide to each the Employer and the member, a written statement an invoice with the following; that includes:
1. The amount of eligible service~~Eligible Service~~ for which contributions were not withheld,
 2. ~~The dollar amount of contributions that should have been made;~~
 3. ~~2.~~ The dollar amount of the contributions to be paid to the ASRS by the Employer,
 4. ~~3.~~ The interest on the Employer contributions and member contributions to be paid to the ASRS by the Employer pursuant to A.R.S. § 38-738.
 4. The amount of the delinquent interest late charge to be paid to the ASRS by the Employer pursuant to A.R.S. § 38-735, and
 5. The dollar amount of contributions to be paid to the ASRS by the member, ~~and~~
 6. ~~The various payment options that may apply to the member, as specified in R2-8-512 through R2-8-519.~~

R2-8-707. Submission of Payment

- A. Within 90 ~~calendar~~ days from the date on the statement identified in R2-8-706(E), ~~after the ASRS notifies the ASRS employer~~~~Employer~~ in writing of the amount due, the ASRS employer shall pay to the ASRS the amount due to be paid by the Employer. ~~all ASRS employer contributions, including accrued interest on both the ASRS employer and member contributions, from the date the contributions were due to the date the ASRS notifies the ASRS employer of the amount due. An ASRS employer Employer who makes payment under A.R.S. § 38-738(B)(3) is not liable for additional interest that may accrue as a result of a member's failure to remit payment required by A.R.S. § 38-738(B)(1). If the ASRS does not receive full payment of the ASRS employer's Employer's amount due within 90 calendar days after the ASRS notifies the ASRS employer Employer of the amount due, the full amount due will accrue interest on the amount not paid, as provided in A.R.S. § 38-738(B)(3), will accrue from the 91st day until the ASRS employer pays the full amount. The ASRS may collect the unpaid balance plus interest pursuant to A.R.S. § 38-735(C).~~
- B. An ASRS employer may pay the amount the ASRS employer believes may be due at any time before ASRS's notification of the amount due in order to prevent the accrual of interest after the date of the payment. Any amount the ASRS employer pays that the ASRS determines is not owed shall be refunded to the ASRS employer. ~~The member shall make payment to the ASRS pursuant to A.R.S. § 38-738 by the due date specified on the member's invoice identified in R2-8-706(E).~~
- C. ~~A member may purchase eligible service for which contributions were not withheld in accordance with the requirements of Article 5 of this Chapter for purchase of service credit. If the ASRS does not receive full payment of the ASRS employee's member's amount due by the due date specified on the member's invoice identified in R2-8-706(E) within 90 calendar days after the ASRS notifies the member that the ASRS received the ASRS employer's full payment, the full amount due will accrue interest on the amount not paid, as provided in A.R.S. § 38-738(B)(1), will accrue from the 91st day until the member pays the full amount.~~
- D. A member does not receive service credit or credit for salary until both the Employer and member portions of the contributions and all interest has been paid pursuant to A.R.S. § 38-738.

R2-8-709. ~~Nonpayment of Contributions~~Repealed

- A. ~~A member receives service credit only for the portion of service the ASRS has determined is eligible and that the member has paid for.~~
- B. ~~A member does not receive service credit until both the ASRS employer and member portions of the contributions have been paid.~~
- C. ~~If the ASRS employer does not pay, the ASRS shall take any steps legally authorized to collect payment. Any steps the ASRS may take to collect payment are separate from any action a member may elect to take against the ASRS employer.~~

ARTICLE 11. TRANSFER OF SERVICE CREDIT

R2-8-1101. Definitions

The following definitions apply to this Article unless otherwise specified:

1. "Actuarial present value" means an amount in today's dollars of a member's future retirement benefit calculated using appropriate actuarial assumptions and the:
 - a. Member's Current Years of Credited Service;
 - b. Member's age as of the date the Member submits to the ASRS a request to transfer service credit pursuant to this Article; and
 - c. Member's most recent annual compensation.
2. "Current years of credited service" means:
 - a. For Transfer In Service, the amount of credited service a member has earned or purchased, and the amount of service credit for which an Irrevocable PDA is in effect for which the member has not yet completed payment, but does not include any current requests to purchase service credit for which the member has not yet paid; and
 - b. For transferring service credit to the Other Retirement Plan, the amount of credited service a member has earned or purchased, but does not include service credit for which the member has not yet paid.
3. "Irrevocable PDA" means the same as in R2-8-501.
4. "Funded Actuarial Present Value" means the Actuarial Present Value reduced to the extent funded on market value basis as of the most recent actuarial evaluation of the ASRS.
5. "Member's accumulated contribution account balance" means the sum of all the member's retirement contributions and any principal payments made for:
 - a. The purchase of service credit;
 - b. Contributions not withheld; and
 - c. Previous transfers of service credit.
6. "Other retirement plan" means the state retirement plans specified in A.R.S. § 38-921, other than the ASRS, or a retirement plan of a charter city as specified in A.R.S. § 38-730.
7. "Other Retirement Plan's cost" means the amount determined by the ASRS pursuant to R2-8-1102(D).
8. "Other public service" means the same as in R2-8-501.



9. "Transfer in service" means credited service with the Other Retirement Plan that a member is eligible to transfer to the ASRS pursuant to A.R.S. §§ 38-730 and 38-921.

R2-8-1102. Required Documentation and Calculations for Transfer In Service Credit

- A.** A member who is eligible to Transfer In Service credit, may request to transfer service credit by providing a Transfer In form to the ASRS with the following:
1. The name of the Other Retirement Plan;
 2. The date the member either terminated employment with an employer of the Other Retirement Plan or ceased to participate in the Other Retirement Plan;
 3. The date the member began employment with the employer through which the member was participating in the Other Retirement Plan;
 4. The number of years the member participated in the Other Retirement Plan;
 5. Acknowledgement the member agrees that:
 - a. Knowingly making a false statement or falsifying or permitting falsification of any record of the ASRS with an intent to defraud ASRS is a Class 6 felony, pursuant to A.R.S. § 38-793; and
 - b. The Transfer In Service credit transaction is subject to audit and if any errors are discovered, the ASRS shall adjust a member's account, or if the member is already retired, adjustments to the member's account may affect the member's retirement benefit.
- B.** Upon receipt of the information specified in subsection (A), the ASRS shall submit the information to the Other Retirement Plan and request:
1. The Other Retirement Plan's Funded Actuarial Present Value pursuant to A.R.S. §§ 38-730 and 38-922;
 2. The Member's Accumulated Contribution Account Balance in the Other Retirement Plan;
 3. The amount of service credit the member has accumulated in the Other Retirement Plan; and
 4. The start date and end date for the member's participation in the Other Retirement Plan.
- C.** Upon receipt of the information specified in subsection (B), the ASRS shall calculate the Actuarial Present Value as specified in R2-8-506 necessary to transfer full service credit to the ASRS.
- D.** The ASRS shall calculate the Other Retirement Plan's Cost as follows:
1. If the ASRS Actuarial Present Value is greater than the Other Retirement Plan's Funded Actuarial Present Value, then the Other Retirement Plan's Cost is the greater of:
 - a. The Other Retirement Plan's Funded Actuarial Present Value; or
 - b. The Member's Accumulated Contribution Account Balance in the Other Retirement Plan;
 2. If the ASRS Actuarial Present Value is less than or equal to the Other Retirement Plan's Funded Actuarial Present Value, then the Other Retirement Plan's Cost is the greater of:
 - a. The ASRS Actuarial Present Value; or
 - b. The Member's Accumulated Contribution Account Balance in the Other Retirement Plan.
- E.** The ASRS shall compare the Other Retirement Plan's Cost to the ASRS Actuarial Present Value calculated pursuant to subsection (C) and:
1. If the Other Retirement Plan's Cost is less than the ASRS Actuarial Present Value, then the member may elect to transfer service credit to the ASRS and:
 - a. Pay the difference between the Other Retirement Plan's Cost and the ASRS Actuarial Present Value; or
 - b. Accept a proportionately reduced amount of service credit;
 2. If the Other Retirement Plan's Cost is greater than or equal to the ASRS Actuarial Present Value, then the member may elect to transfer the service to the ASRS pursuant to subsection (F).
- F.** Upon completion of the comparison specified in subsections (D) and (E), the ASRS shall send the member a transfer in invoice notifying the member of the member's options to complete the transfer of service credit through the member's secure ASRS account.
- G.** The member may elect to complete a transfer of service credit pursuant to this section by submitting the member's election by the election due date specified on the transfer in invoice.
- H.** Upon receipt of the member's election to complete a transfer of service credit, the ASRS shall send the transfer in invoice to the Other Retirement Plan and the Other Retirement Plan shall make payment to the ASRS by submitting a check made payable to the ASRS for the Other Retirement Plan's Cost specified on the transfer in invoice by the payment due date specified on the transfer in invoice.
- I.** If a member elects to pay the total difference between the ASRS Actuarial Present Value and the Other Retirement Plan's Cost pursuant to R2-8-1102(E), the member shall elect the method of payment by the payment due date specified on the transfer in invoice.
- J.** A member may elect to pay the total difference between the ASRS Actuarial Present Value and the Other Retirement Plan's Cost pursuant to R2-8-1102(E) by any one or more methods specified in R2-8-512, R2-8-513, R2-8-514, or R2-8-519.
- K.** For a member who elects to accept a proportionately reduced amount of service pursuant to subsection (E)(1)(b), the ASRS shall calculate the proportionately reduced amount of service credit based on the member's service credits in the Other Retirement Plan multiplied by the ratio of the Other Retirement Plan's Cost to the ASRS Actuarial Present Value.
- L.** The member shall submit payment to transfer service credit pursuant to this section by the payment due date specified on the transfer in invoice.
- M.** If the member does not submit payment for the total difference in the calculations pursuant to R2-8-1102(E) by the payment due date specified on the transfer in invoice, the member may be eligible to purchase the remaining service credit as Other Public Service, and the member is not eligible to purchase the remaining service credit based on the cost specified in the transfer in invoice.

R2-8-1103. Transferring Service to Other Retirement Plans

- A.** Upon receipt of a request to transfer a member's service credit from the ASRS to the Other Retirement Plan, the ASRS shall calculate:
1. The ASRS Funded Actuarial Present Value pursuant to A.R.S. §§ 38-730 and 38-922; and



2. The Member's Accumulated Contribution Account Balance in the ASRS.
- B. Upon completing the calculations specified in subsection (A), the ASRS shall submit the calculations and member information to the Other Retirement Plan with a due date for the Other Retirement Plan to submit a fund request to the ASRS pursuant to subsection (C).
- C. If a member elects to transfer service credit to the Other Retirement Plan, the member shall ensure that the Other Retirement Plan submits a fund request on the Other Retirement Plan's letterhead by the due date specified in subsection (B) to the ASRS with the following information:
 1. The member's full name;
 2. The last four digits of the member's Social Security number;
 3. The name of the Other Retirement Plan; and
 4. The Actuarial Present Value necessary to transfer full service credit to the Other Retirement Plan.
- D. Upon receipt of the information specified in subsection (C), the ASRS shall compare the calculations specified in subsection (A) to the Other Retirement Plan's Actuarial Present Value specified in subsection (C) and transfer funds as follows:
 1. If the Other Retirement Plan's Actuarial Present Value specified in subsection (C) is greater than the ASRS Funded Actuarial Present Value specified in subsection (A), then the ASRS shall transfer the greater of:
 - a. The ASRS Funded Actuarial Present Value specified in subsection (A); or
 - b. The Member's Accumulated Contribution Account Balance in the ASRS.
 2. If the Other Retirement Plan's Actuarial Present Value specified in subsection (C) is less than or equal to the ASRS Funded Actuarial Present Value, then the ASRS shall transfer the greater of:
 - a. The Other Retirement Plan's Actuarial Present Value specified in subsection (C); or
 - b. The Member's Accumulated Contribution Account Balance in the ASRS.
- E. Transferring service credit to the Other Retirement Plan pursuant to this section constitutes a withdrawal from ASRS membership and results in a forfeiture of all other benefits under ASRS.
- F. Notwithstanding subsection (E), pursuant to A.R.S. § 38-750, a transferred employee who continues an Irrevocable PDA after transferring service credit to the Other Retirement Plan may be eligible to:
 1. Transfer service credit associated with the remaining balance of the Irrevocable PDA for which the transferred employee paid for the purchase of service credit plus interest at the Assumed Actuarial Investment Earnings Rate pursuant to A.R.S. § 38-922, not including any administrative interest charge the transferred employee paid pursuant to an Irrevocable PDA; or
 2. Receive a return of contributions plus interest as specified in R2-8-118(A), column 3, pursuant to A.R.S. § 38-740.

NOTICE OF PROPOSED RULEMAKING
TITLE 18. ENVIRONMENTAL QUALITY
CHAPTER 2. DEPARTMENT OF ENVIRONMENTAL QUALITY
AIR POLLUTION CONTROL

[R18-187]

PREAMBLE

1. **Article, Part, or Section Affected (as applicable)** **Rulemaking Action**
R18-2-220 Amend
2. **Citations to the agency's statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific):**
Authorizing statutes: A.R.S. §§ 49-104(A)(10) and 49-404(A)
Implementing statutes: A.R.S. §§ 49-425(A)
3. **Citations to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the proposed rule:**
Notice of Rulemaking Docket Opening: 24 A.A.R. 2637, September 21, 2018 (*in this issue*)
4. **The agency's contact person who can answer questions about the rulemaking:**
Name: Lisa Tomczak
Address: ADEQ, Air Quality Planning Section
1110 W. Washington
Phoenix, AZ 85007
Telephone: (602) 771-4450 (Any extension may be reached in-state by dialing 1-800-234-5677, and entering the seven-digit number.)
Fax: (602) 771-2299
E-mail: tomczak.lisa@azdeq.gov
5. **An agency's justification and reason why a rule should be made, amended, repealed, or renumbered, to include an explanation about the rulemaking:**

Summary.

The Arizona Department of Environmental Quality (ADEQ) is proposing to amend Arizona Administrative Code (A.A.C.) R18-2-220, Air Pollution Emergency Episodes. This rule provides a sequence of emission reduction priorities and criteria used to determine air pollution emergency episodes. The rule utilizes a tiered approach for emissions control and advisory procedures for three episode stages: *alert*, *warning*, and *emergency*.

During a Stage I air pollution *alert*, a news release is issued indicating that an air pollution alert has been declared and requests that